



20 July 2012

The Secretary
House Standing Committee on Economics
House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600

By Email: economics.reps@aph.gov.au

RE: Inquiry into the Australian Charities and Not-for-profits Commission Exposure Draft Bills

Dear Sir/Madam

The Australian Evangelical Alliance Inc (Missions Interlink) (AEA MI) welcomes the opportunity to put forward its views on the Australian Charities and Not-for-profits Commission (ACNC) Bills.

About AEA MI

AEA MI is a network of Australian Christian organisations with a role in cross-cultural and global mission. AEA MI and its Member organisations are entities that are registered and controlled in Australia. However, many of these Member organisations operate principally outside Australia and although involved in mission to some degree, also undertake substantial overseas humanitarian work.

Organisations first apply to become Associates of AEA MI. Once accepted, organisations can then seek to become accredited as Members. AEA MI currently has 35 Associate and 142 fully accredited Member organisations. To become and remain an accredited Member, organisations must meet stringent governance and audit requirements. All are Tax Concession Charities, and some also have DGR status.

Summary of Concerns

The length of the draft bills and the short time period provided for the preparation of submissions has made it difficult to review the material adequately. However, we raise concerns about the following areas of the ACNC Bills:

- The public register
- Substituted accounting periods
- External Conduct Standards

The Public Register

The *Australian Charities and Not-for-profits Commission Bill 2012* makes provision for the Commissioner to publish on the internet any of the information it collects about each registered and former registered entity

unless the Commissioner considers it is not in the public interest, or other circumstances exist [Section 40-10 (1)].

However, the Commissioner's decision about what information will be publicly available for public inspection on the internet is not considered an "administrative decision"¹ and therefore is not considered reviewable. This is of concern due to the possibility that the decision does not take into account the full implications of certain information being made publically available, or of an error being made by the ACNC.

Our recommendation is that a decision about what information is to be published on the internet be considered an "administrative decision" and consequently be open to review.

Substituted Accounting Periods

We are very pleased to note that the *Australian Charities and Not-for-profits Commission Bill 2012* allows some entities to use substituted accounting periods (SAP). However, we remain concerned that the provision to do this is too limited, particularly for entity registrations after the commencement of the ACNC, and will place considerable pressure on those public accountants and auditors who currently serve the charitable and NFP sector. This will lead to an increase in the cost of audits and reviews, which will result in an extra financial impost on charities and NFPs. There is also currently no provision for currently registered small NFP entities that may miss the deadline of making application to the ACNC Commissioner within six months of the commencement of the ACNC, due to ignorance of the requirements.

We recommend that all entities currently reporting on a SAP (not just those that are or were required under an Australian law to prepare a financial report for a period of 12 months that ended on a substituted end day during the 2012-13 financial year) should be approved by the ACNC Commissioner to have a SAP and that some consideration be available for those entities that miss the application deadline. We also recommend that for future registrations, all valid reasons for an entity having a SAP be considered by the ACNC Commissioner in determining whether a SAP should be granted, and that availability of auditor or staff time be considered valid reasons.

External Conduct Standards

The establishment of external conduct standards is of particular relevance to Missions Interlink Members who undertake much of their work overseas. While we strongly affirm the establishment of external conduct standards, our concern is that the regulations to specify these standards are still unknown. There also appears to be potential overlap in this area with the legislation regarding *"In Australia" Special Conditions for Income Tax Concession Entities*.

Our recommendation is that entitlement to ACNC registration should not be tied to compliance with external conduct standards until these standards have been determined.

Should you wish to discuss any of the above further, please do not hesitate to contact us.

Yours sincerely



Pam Thyer
National Director

¹ Explanatory Materials - Australian Charities and Not-for-profits Commission Bill 2012